

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2017**

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**HOUSE BILL 718**  
**Committee Substitute Favorable 4/25/17**

Short Title: Study Rates and Transfers/Public Enterprises.

(Public)

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Sponsors:

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Referred to:

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April 11, 2017

A BILL TO BE ENTITLED  
AN ACT TO REQUIRE THE LEGISLATIVE RESEARCH COMMISSION TO STUDY THE  
PROVISION OF WATER AND SEWER SERVICES BY PUBLIC ENTERPRISES.

The General Assembly of North Carolina enacts:

**SECTION 1.(a)** The General Assembly finds that the ability of a city or county to efficiently and effectively provide public enterprise services, particularly water and sewer services, is challenged by that local government opting to use revenues of the public enterprise for purposes other than:

- (1) Paying the costs of operating the public enterprise.
- (2) Making debt service payments.
- (3) Investing in improvements to the infrastructure of that public enterprise.
- (4) Reimbursing the unit of local government for actual direct services provided to the public enterprise.

**SECTION 1.(b)** The General Assembly further finds that any excess net revenues should be used to lower rates, advance fund debt service, and fund infrastructure improvements of that public enterprise.

**SECTION 1.(c)** The Legislative Research Commission shall study the issues raised in this section and make recommendations to the General Assembly on:

- (1) Fee and charge setting by units of local government in the operation of a water or sewer system, including collection rates of those fees and charges.
- (2) Proper accounting controls to ensure transparency in budgeting and accounting for expenditures and interfund transfers of public enterprise services by units of local government.
- (3) Legislation that may be necessary to ensure proper funding of infrastructure maintenance and improvements for the provision of water and sewer services, including whether regionalization could facilitate financially healthy systems with lower fees and charges to customers.
- (4) Legislation that may be necessary to ensure that units of local government monitor aging water and sewer infrastructure to ensure proper maintenance and repair, including how this responsibility impacts the financial health of the public enterprise.

**SECTION 1.(d)** In making the study provided by this section, the Legislative Research Commission shall consult with the Local Government Commission, the School of Government, the Department of Environmental Quality, the North Carolina League of Municipalities, the North Carolina County Commissioners Association, and others.



1                   **SECTION 1.(e)** The Legislative Research Commission shall make an interim  
2 report to the 2017 Regular Session of the General Assembly prior to its reconvening in 2018  
3 and shall make a final report to the 2019 Regular Session of the General Assembly.

4                   **SECTION 2.** This act is effective when it becomes law.